



KATHLEEN CONNELL
Controller of the State of California

August 22, 2001

**To the Tax Professionals, Attorneys at Law,
and Citizens of the State of California:**

I am pleased to provide an updated edition of *Estate Tax and Generation-Skipping Transfer Tax Laws and Estate Tax Regulations*. This publication is a compilation of the California estate tax and generation-skipping transfer tax laws, pursuant to the Revenue and Taxation Code and related estate tax regulations, contained in Title 2 of the California Administrative Code, that have been adopted by the State Controller's Office.

The publication has been updated to include the following recent legislative changes to the California Estate Tax Law:

- Revenue and Taxation Code Sections 13304, 13402, 13404, 13405, 13550, 13563, 16760, and 16870 have been amended to clarify the phraseology of these sections.
- Revenue and Taxation Code Sections 13551 and 16871 have been repealed. These sections discussed the application of payments on estate tax and interest for overpayments of the generation-skipping transfer tax.
- Section 1139 was added to the Administrative Code of Regulations defining how confidential information shall be treated by the Controller's Office.

Pursuant to recent changes made in the federal law, H.R. 1836, the collection of estate tax revenue will be phased out over four years starting in January 2002. The new federal law reduces the state death tax credit by 25% annually beginning in the calendar year 2002. The state death tax credit will be eliminated effective January 1, 2005. The federal portion of the estate tax will phase out over a 10-year period.

This document, along with other State Controller's Office publications, is also available on our Web site (<http://www.sco.ca.gov>).

Please send any comments or questions to the State Controller's Office, Division of Collections, Bureau of Tax Administration, P. O. Box 942850, Sacramento, California 94250, or call the bureau at (916) 445-6321.

Sincerely,

KATHLEEN CONNELL
State Controller